

Message Text

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ORIGIN OES-07

INFO OCT-01 EA-12 IO-14 ISO-00 EB-08 NEA-11 L-03
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OMB-01 TRSE-00 DLOS-09 DOE-15 SOE-02 INT-05 XMB-04
OPIC-06 STR-07 /126 R

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APPROVED BY OES/APT/SA:JBLACKBURN
EB/IFD/BP:AADAMS (DRAFT)
EB/IFD/OMA:BGCROWE(DRAFT)
NEA/RA:DMORAN (DRAFT)
IO/IEP:DSCHWARTZ
EA/EP:DMCCONVILLE (DRAFT)
A /OST: E S(INFO)
OES/OFA/FA:JSTORER (INFO)

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P 241831Z MAY 78
FM SECSTATE WASHDC
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EO. 11652: N/A

TAGS: TATT, TGEN, UNGA, ESCAP

SUBJECT: ESCAP REGIONAL PAPER FOR UNCSTD

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REF: BANGKOK 33919, 12 DECEMBER 1977

1. ESCAP DIVISION CHIEF ABID HUSSAIN SENT COPY OF DRAFT
ESCAP REGIONAL PAPER (IHT/TS/UNCSTD/14) DIRECTLY TO AM-
BASSADOR WILKOWSKI, AND REQUESTED SUGGESTIONS AND COM-
MENTS BY MAY 25. THIS FIRST DRAFT WILL BE CONSIDERED
BY REGIONAL GROUP OF ACAST AT MAY 29-31 MEETING.

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2. PLEASE INFORM HUSSAIN THAT WE HAVE BEEN IMPRESSED
BY THE HIGH QUALITY AND WEALTH OF DETAIL CONTAINED IN
THIS DRAFT. WITH THE EXCEPTION OF ONE MAJOR THEME - TREAT-
MENT OF TNCS - WE ALSO FOUND THE DRAFT TO BE A WELL-BALANCED
DISCUSSION OF THE OBSTACLES TO DEVELOPMENT IN THE REGION.

3. MANY ASPECTS OF TNC OPERATIONS CONTRIBUTE TO S&T

DEVELOPMENT IN THE HOST COUNTRY, IN ADDITION TO THEIR CONTRIBUTION TO ECONOMIC GROWTH AND THE BALANCE OF PAYMENTS. THROUGH IN-HOUSE TRAINING PROGRAMS, THE TNCS HELP TO UPGRADE INDIGENOUS TECHNICAL AND MANAGERIAL SKILLS. TNCS ALSO HELP BUILD THE LOCAL S&T BASE BY SUB-CONTRACTING AND BY MEANS OF THEIR EFFECTIVE DEMAND FOR SERVICES AND OTHER LOCAL INPUTS INTO THEIR OPERATIONS. TNCS ALSO HAVE DONE

MUCH TO SUPPORT INDIGENOUS S&T INSTITUTIONS. THE COMPUTER FACILITY CONTRIBUTED BY IBM TO THE ASIAN INSTITUTE OF TECHNOLOGY MAY BE CITED AS AN EXAMPLE. TNCS SHARE WITH HOST GOVERNMENTS A COMMON INTEREST IN LOCAL GROWTH AND DEVELOPMENT. A LARGE NUMBER OF US TNCS HAVE SHOWN CONSIDERABLE INTEREST IN THE UNCSTD PREPARATIONS AND HAVE EXPRESSED INTEREST IN SHARING IN THE EFFORT TO ACHIEVE SUCH UNCSTD GOALS AS STRENGTHENING INDIGENOUS S&T CAPABILITIES. A STATEMENT MIGHT BE ADDED TO THE PAPER DESCRIBING THE POSITIVE WAYS TNCS ACT AS AGENTS OR MECHANISMS FOR THE TRANSFER OF BENEFICIAL TECHNOLOGIES TO DEVELOPING COUNTRIES. IN THE US VIEW, UNCSTD HAS A MUCH BETTER CHANCE TO SUCCEED IN MEETING ITS BASIC OBJECTIVES IF THE MANY RESOURCES WHICH TNCS CAN BRING TO BEAR ARE ALSO DRAWN UPON.

4. WE HAVE NO WISH TO QUASH COMMENTS IN THE ESCAP PAPER WHICH REFLECT LDC CONCERN THAT TNCS MAY NOT ALWAYS TRANSFER OR USE TECHNOLOGIES WHICH MESH WITH THE HOST
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COUNTRY'S DEVELOPMENT GOALS. HOWEVER, MANY OF THE ADVERSE COMMENTS ON TNCS, PATENTS AND PROPRIETARY KNOWLEDGE THAT ARE FOUND IN THE PAPER ARE NEITHER RELEVANT TO THE ISSUE AT HAND NOR BASED ON FACT. THE FAVORABLE REFERENCE ON PAGE 53 TO INDIA'S DECISION TO DO WITHOUT TNC ASSISTANCE IN THE COMPUTER FIELD IS PARTICULARLY QUESTIONABLE. MORE BALANCE COULD BE ACHIEVED BY INCLUDING A DESCRIPTION OF SRI LANKA'S RECENT EFFORTS TO ATTRACT FOREIGN INVESTMENT THROUGH TAX INCENTIVES AND PATENT LEGISLATION DESIGNED TO PROTECT PROPRIETARY KNOWLEDGE.

5. THE COMMENTS IN THE FISHERIES SECTION (PP 10-11) ARE USEFUL, BUT DO NOT ADDRESS THE CENTRAL PROBLEM FACED BY MOST REGIONAL COUNTRIES: THE NEED FOR MUCH MORE EFFECTIVE MANAGEMENT OF SUPPLY IN COASTAL WATERS, PARTICULARLY IN VIEW OF ESTABLISHMENT OF 200-MILE ZONES.

6. THE ENERGY SECTION (PP 22-24) FAILS TO ADDRESS THE POTENTIAL IN MANY REGIONAL COUNTRIES FOR DEVELOPING HYDRO-POWER.

7. THE REPORT DOES NOT PROVIDE A BALANCED PICTURE OF THE

CURRENT DEBT SITUATION OF THE DEVELOPING COUNTRIES (PAGES 70-71). WHILE DEBT HAS RISEN IN ABSOLUTE TERMS, THE INCREASE IS FAR LESS DRAMATIC WHEN ONE ALLOWS BOTH FOR THE GROWTH OF REAL OUTPUT AND TRADE THAT HAS TAKEN PLACE IN WORLD ECONOMY AND FOR THE INFLATION THAT HAS OCCURRED. MOREOVER, AGGREGATE DEBT STATISTICS ARE MISLEADING IN THAT THEY OBSCURE THE WIDELY DIVERSE SITUATIONS AMONG COUNTRIES, ESPECIALLY THE DISPARITIES IN THEIR CAPACITIES BOTH TO

EARN FOREIGN EXCHANGE AND TO MANAGE DEBT EFFECTIVELY. IT IS IMPORTANT TO RECOGNIZE THAT EXTERNAL DEBT IS DISTRIBUTED BROADLY IN LINE WITH INDIVIDUAL COUNTRY DEBT-SERVICING CAPACITY. AS IN THE PAST, ACUTE DEBT SERVICING PROBLEMS ARE CONFINED TO RELATIVELY FEW COUNTRIES. WHILE
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THE LOW-INCOME COUNTRIES, PARTICULARLY THE LEAST DEVELOPED, CURRENTLY FIND THEMSELVES IN A WEAK POSITION, IT MUST BE EMPHASIZED THAT THEIR PROBLEMS ARE NOT ESSENTIALLY THOSE OF DEBT BUT OF DEVELOPMENT.

8. IT SHOULD BE POINTED OUT THAT SUGGESTIONS FOR DEVELOPED COUNTRIES APPEARING ON PAGE 76 OF THE DRAFT REPORT ARE AMBIGUOUS AND MIGHT BE UNACCEPTABLE IF FORMULATED IN GREATER DETAIL. IT WOULD BE DIFFICULT, FOR EXAMPLE, FOR PRIVATE COMPANIES TO GUARANTEE ANYTHING IF THEY HAVE NO CONTROL OVER THE PRODUCT OR PROCESS AFTER THE TRANSFER OCCURS.

9. THE SPECIAL TOPIC AT THE 1977 COLOMBO PLAN MEETING DEALT WITH PROBLEMS RELATING TO THE TRANSFER AND ADAPTATION OF TECHNOLOGY TO AND AMONG MEMBER COUNTRIES OF THE COLOMBO PLAN REGION WITH SPECIAL REFERENCE TO TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES. THE COLOMBO PLAN REPORT ON THIS TOPIC, AS WELL AS THE COUNTRY PAPERS PREPARED BY REGIONAL AND NON-REGIONAL MEMBERS, CONTAINS CONSIDERABLE MATERIAL RELEVANT TO CHAPTER III ON S&T FOR DEVELOPMENT.

10. THE ESCAP PAPER COULD BE STRENGTHENED BY INCLUDING A BRIEF COMMENTARY ON THE ACTIVITIES OF THE WORLD BANK AND ADB. THEIR LOAN OPERATIONS SHOULD BE RECOGNIZED AS A MAJOR MECHANISM FOR THE TRANSFER OF TECHNOLOGY AND DEVELOPMENT OF INDIGENOUS S&T CAPABILITIES IN ALL SECTORS. FOR EXAMPLE, THE ADB HAS BEEN VERY ACTIVE IN FISHERIES DEVELOPMENT AND TECHNOLOGY. THE BANKS ALSO CARRY OUT TRAINING ASSISTANCE PROGRAMS DIRECTLY SUPPORTIVE OF UNCTAD OBJECTIVES. THE ADB TECHNICAL ASSISTANCE SPECIAL FUND HAS BEEN PARTICULARLY USEFUL IN TRAINING AND
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DEVELOPING MANAGEMENT CAPABILITIES IN TECHNICAL ASSISTANCE
ACTIVITIES. UNDER ITS PROGRAM OF SERVICES TO MEMBER COUN-
TRIES, ADB PLANS TO HOLD IN 1978 A REGIONAL SEMINAR IN
MANILA ON APPROPRIATE TECHNOLOGY/SMALL-SCALE INDUSTRIES
DEVELOPMENT CHRISTOPHER

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